

DOCUMENT RESUME

ED 222 712

CE 034 167

TITLE Tax Credits: United States Revenue Act of 1978, As Amended. Legal Modules for Vocational Cooperative Education.

INSTITUTION Western Michigan Univ., Kalamazoo.

SPONS AGENCY Michigan State Dept. of Education, Lansing. Vocational-Technical Education Service.

PUB DATE [Sep 82]

GRANT 33B2-7852

NOTE 22p.; For related documents see CE 034 161-170.

AVAILABLE FROM Michigan Vocational Education Resource Center, 133 Erickson Hall, Michigan State University, East Lansing, MI 48824 (10 modules--\$10.00).

PUB TYPE Guides - Classroom Use - Guides (For Teachers) (052)

EDRS PRICE MF01/PC01 Plus Postage.

DESCRIPTORS Case Studies; *Cooperative Education; Employment Practices; *Federal Legislation; Instructional Materials; Pretests Posttests; Secondary Education; *Tax Credits; *Vocational Education

IDENTIFIERS *Michigan; Revenue Act 1978

ABSTRACT

Intended for use by cooperative education program coordinators, this module deals with the United States Revenue Act of 1978 as it pertains to vocational cooperative education program enrollees and to employers sponsoring such programs in Michigan. The module, which is designed to be a self-paced instructional package, contains a pre-test, answer key, scoring instructions, a reinforcement exercise, case studies with appropriate answers, and additional agency and printed resources. (MN)

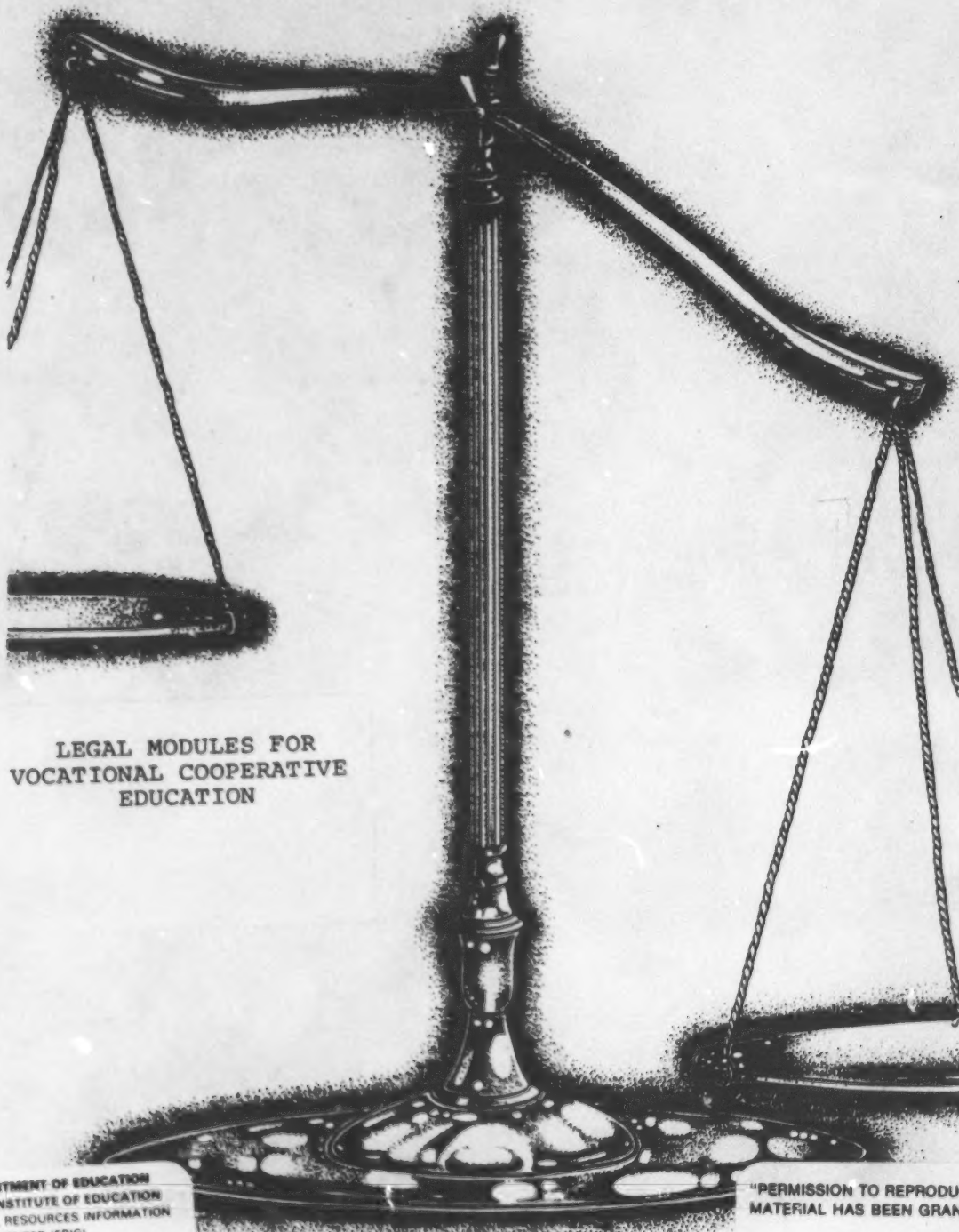
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED0222712

CE 034 167

TAX CREDITS

UNITED STATES REVENUE ACT OF 1978, AS AMENDED



LEGAL MODULES FOR VOCATIONAL COOPERATIVE EDUCATION

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

- ☒ This document has been reproduced as received from the person or organization originating it.
- ☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

C. Woloszyk

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

ACKNOWLEDGEMENTS

The Vocational Cooperative Education Modules were developed through the Michigan State Board of Education Cooperative Vocational Education Professional Development and Training Grant, No. 33B2-7852, funded under the provisions of Public Law 94-482, Education Amendments of 1976. Mr. Carl Woloszyk, Vocational Consultant, Michigan Department of Education, Vocational-Technical Education Service served as project monitor for the Modules and Dr. Jack T. Humbert, Professor, Department of Distributive Education, Western Michigan University was Project Director.

Special recognition must be given to the Michigan Vocational Coordinators Association and the following individuals who were instrumental in providing ideas, materials and support in the development of the Vocational Cooperative Education Modules:

Mr. Marty Chirgwin
Traverse Bay Vocational Center
880 Parsons Road
Traverse City, MI 49684

Dr. Wells Cook
337 Grawn Hall
Central Michigan University
Mt. Pleasant, MI 48859

Mr. Ray Fast
Cooperative Extension Service
Court House
Coldwater, MI 49036

Mr. Don Gebraad
Ottawa Skills Center
13565 Port Sheldon Road
Holland, MI 49423

Dr. Jack T. Humbert
Department of Distributive Education
Western Michigan University
Kalamazoo, MI 49008

Ms. June Kilmer
Farmington Public Schools
32900 West Thirteen Mile Road
Farmington Hills, MI 48018

Mr. Robert L. Larsen
Job Placement Service
Oakland Schools
2100 Pontiac Lake Road
Pontiac, MI 48054

Mr. David J. Miller
Fraser High School
34270 Garfield
Fraser, MI 48026

Ms. Pat Votruba
Averill Skills Center
2102 Weiss
Saginaw, MI 48602

Ms. Adelaide Wortham
Detroit Public Schools
Marketing and Distributive Education
School Center Building, Room 914
5057 Woodward Avenue
Detroit, MI 48202

Mr. Carl Woloszyk
Department of Education
Vocational-Technical Education
Service
Box 30009
Lansing, MI 48909

NOTE: This Module is not intended to serve as an in-depth or legally definitive analysis concerning the law, rule or regulation discussed. It does, however, represent an overview and an administrative opinion of the writers and may be subject to change or further clarification.



IN CONGRESS, July 4, 1776.

The unanimous Declaration of the thirteen united States of America.

Th. Jefferson

INTRODUCTION TO MODULE

OBJECTIVES

1. The coordinator will be able to describe the law, rule or regulation to students, employers, teachers, parents/guardians and administrators.
2. The coordinator will apply the law, rule or regulation to specific cooperative education training situations.

EXEMPTION TEST

A basic concept of competency-based education is to provide instruction that will meet individual needs and abilities. The first step is to determine if you already have the knowledge, skills, or judgments in question. So, you're being asked to take an Exemption Test. The Exemption Test is self-paced.

DIRECTIONS

1. The Exemption Test assesses your knowledge. It is administered before instruction; passage exempts you from the module.
2. Use the Exemption Test before working through the module.

EXEMPTION TEST

Directions: Read the statements below and mark with an (X) those statements which are true in reference to the United States Revenue Act of 1978, as amended, Targeted Jobs Tax Credit.

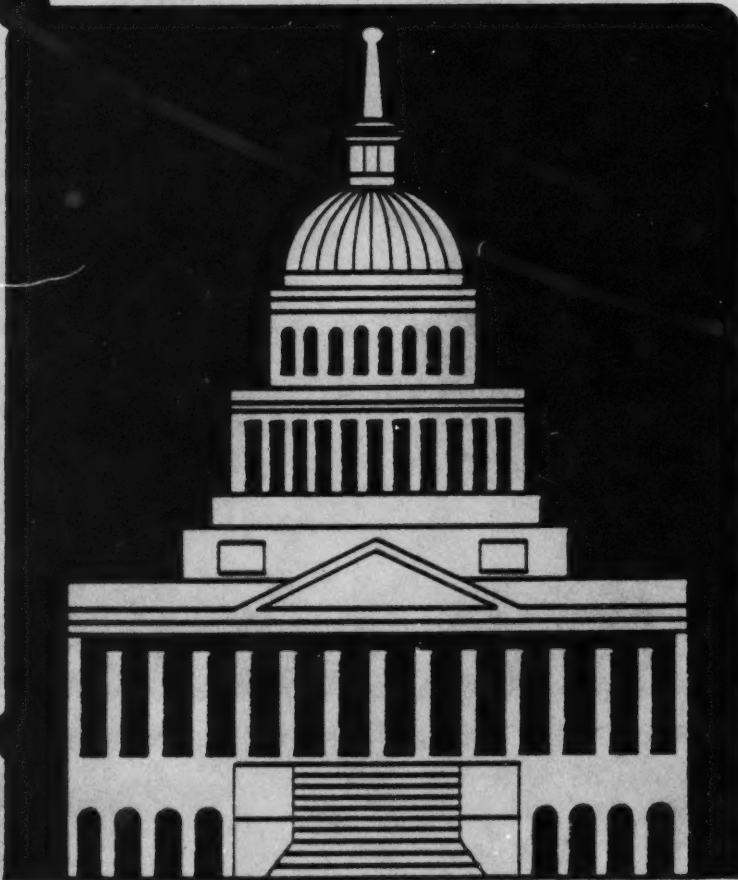
- ___ 1. A cooperative education student-learner who is eligible for TJTC as of January 1, 1982, has to be economically disadvantaged, enrolled in a qualified cooperative education program, between the ages of 16 and 19, and not a high school graduate.
- ___ 2. It is the responsibility of the cooperative education coordinator to advise employers about Internal Revenue Service (IRS) for filing procedures required to claim the Targeted Jobs Tax Credit.
- ___ 3. Public agencies are eligible for a Targeted Jobs Tax Credit, if they hire economically disadvantaged student-learners, who are enrolled in cooperative education programs.
- ___ 4. An employer, who receives federal employment and training funds for an economically disadvantaged student, is also eligible for a tax credit.
- ___ 5. During the first year of employment of an economically disadvantaged cooperative education student, an employer is eligible for 50% of the student's wages up to \$6,000 or a maximum of \$3,000.
- ___ 6. During the second year of employment of an economically disadvantaged cooperative education student, an employer is eligible for 25% of the student's wages paid up to \$6,000 or a maximum of \$1,500.
- ___ 7. An employer can claim a Targeted Jobs Tax Credit for a maximum of two (2) years when hiring a qualified economically disadvantaged cooperative education student.
- ___ 8. Two different private employers share an economically disadvantaged cooperative education student. Both employers are eligible for a tax credit.

- ____ 9. Students enrolled in work experience programs qualify for a Targeted Jobs Tax Credit.
- ____ 10. The actual tax savings to an employer by hiring a cooperative education student, who is economically disadvantaged could range from \$900 to \$2,580.
- ____ 11. Even though farmers pay federal income tax, they are ineligible for the Targeted Jobs Tax Credit.
- ____ 12. A cooperative education coordinator can obtain a verbal request from an employer prior to completing an income determination form for possible Targeted Jobs Tax Credit eligibility.
- ____ 13. The Michigan Employment Security Commission (MESC) Income Determination Form For Co-op Students, (MESC 2214), must be completed by the parent/guardian and submitted to the MESC to determine income eligibility prior to completing IRS Form 6199.
- ____ 14. The Michigan Employment Security Commission (MESC) will inform the employer, if a cooperative education student is economically disadvantaged and eligible for a Targeted Jobs Tax Credit.
- ____ 15. The cooperative education coordinator completes the IRS Form 6199 for economically disadvantaged students and sends the original to the employer and maintains a copy in the school file.

ANSWER KEY

THE CORRECT ANSWERS FOR THE UNITED STATES REVENUE ACT OF 1978, AS AMENDED, TARGETED JOBS TAX CREDIT EXEMPTION TEST ARE AS FOLLOWS:

- ___ 1. True
- ___ 2. False. A tax accountant should advise on IRS forms and filing procedures to claim the credit.
- ___ 3. False. Tax credits only can be claimed on employers, who pay federal taxes.
- ___ 4. False. Employers who receive federal monies for job training can not receive Targeted Jobs Tax Credit.
- ___ 5. True
- ___ 6. True
- ___ 7. True
- ___ 8. True
- ___ 9. False. Students must be enrolled in a qualified cooperative education program.



- ___ 10. True
- ___ 11. False. All private employers, agricultural or non-agricultural, are eligible to TJTC.
- ___ 12. False. There must be a written request for an income determination on a particular student.
- ___ 13. True
- ___ 14. False. MESC will inform the cooperative education coordinator not the employer.
- ___ 15. True

SCORING INSTRUCTIONS

14-15 Correct.....You know Targeted Jobs Tax Credit

12-13 Correct.....You have excellent knowledge about
Targeted Jobs Tax Credit, but you
may want to read the next section;
Acquiring Knowledge About Targeted
Jobs Tax Credit

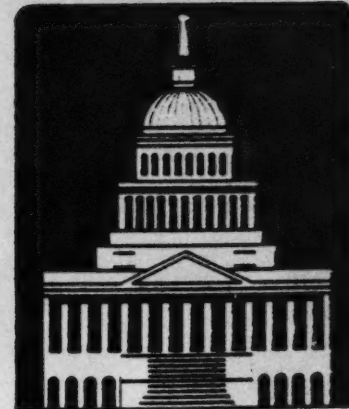
10-11 Correct.....You did fairly well; you should read
more about Targeted Jobs Tax Credit

1-9 Correct.....Read on, you must learn more about
Targeted Jobs Tax Credit



REINFORCEMENT EXERCISE

DIRECTIONS: Read and answer the questions and compare your answer with the response given on the left hand margin. Place a blank sheet of paper over the left hand margin. Good luck.



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

C

1. Congress passed the United States Revenue Act of 1978, as amended?

- A. To make the tax credit as appealing as possible to a wide range of employers
- B. To keep procedures and paper work to a minimum
- C. Both of the above

A

2. The purpose of the Targeted Jobs Tax Credit is?

- A. To link the public employment and training programs with the private sector
- B. To link employment and training programs with the public sector
- C. Both of the above

E

3. Which of the following employers are eligible for a tax credit, if they pay wages for an economically disadvantaged cooperative education student?

- A. Public agencies
- B. Farmers
- C. Real Estate Agents
- D. Welders
- E. B, C, D
- F. None of the above

B

4. Which of the following qualify for Targeted Jobs Tax Credit?

- A. Public Sector employers
- B. Private sector employers

A

5. Is it the role of the school to advise employers about IRS forms and filing procedures in the use of TJTC?

- A. No
- B. Yes



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

D

6. Which of the following students are eligible for TJTC?

- A. Work Experience Career Exploration Program Students (WECEP)
- B. Paid Work Experience Students
- C. Unpaid Work Experience Students
- D. Economically Disadvantaged Cooperative Education Students

B

7. Which of the following is true?

- A. An employer that has claimed a tax credit for economically disadvantaged cooperative education students during the school year can claim a tax credit during the summer when the student is not enrolled in the program
- B. An employer that has claimed a tax credit for an economically disadvantaged cooperative education student during the school year cannot claim a tax credit during the summer when the student is not enrolled in the program

B

8. An employer?

- A. Is eligible for a tax credit and federal on-the-job training funds
- B. Is not eligible for a tax credit and federal on-the-job training funds

A

9. How much tax credit can an employer claim during the first year of employment of an eligible cooperative education student?

- A. For the first year of employment, an employer is eligible for 50% of the wages paid to each eligible participant up to \$3,000 (50% of \$6,000)
- B. For the first year of employment, an employer is eligible for 60% of the wages paid to each eligible participant up to \$3,6000 (60% of \$6,000)



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

B

10. How much tax credit can an employer claim during the second year of employment of an eligible cooperative education student?

- A. For the second year of employment of the same individual an employer is eligible for 15% of the wages paid to each eligible participant up to \$900 (15% of \$6,000)
- B. For the second year of employment of the same individual an employer is eligible for 25% of the wages paid to each eligible participant up to \$1,500 (25% of \$6,000)

A

11. What tax savings can an employer receive?

- A. The actual tax savings will range from \$2,580 for a corporation in the lowest tax bracket to \$900 for one in the highest bracket
- B. The actual tax savings will range from \$5,500 for a corporation in the lowest tax bracket to \$1,500 for one in the highest bracket

C

12. Are jobs for which wages are paid to cooperative education students required to be new or additional jobs?

- A. New jobs
- B. Additional jobs
- C. Both new jobs and additional jobs

A

13. An economically disadvantaged cooperative education student?

- A. Can be paid wages by two or more employers simultaneously and each employer is eligible for the tax credit
- B. Can not be paid wages by two or more employers simultaneously and each employer is not eligible for the tax credit.



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

A

14. Student-learners participating in a qualified cooperative education programs, ages 16 through 19, can provide a tax-paying employer with a credit equal to?

- A. 50% of "qualified first year wages" and 25% of "qualified second year wages"
- B. 75% of "qualified first year wages" and 50% of "qualified second year wages"
- C. 100% of "qualified first year wages" and 50% of "qualified second year wages"

B

15. The original copy of IRS Form 6199?

- A. Remains in the student-learner's file
- B. Remains in the employer's file
- C. Is sent to the Michigan Employment Security Commission

A

16. Only the first \$6,000 of each student-learner's qualified first year wages and the first _____ of each student-learner's qualified second year wages are eligible for TJTC?

- A. \$6,000
- B. \$7,500
- C. \$10,000

A

17. Must a student be economically disadvantaged to be eligible for the Targeted Jobs Tax Credit Program?

- A. Yes, if the employment is part of a qualified cooperative education program
- B. No, if the employment is part of a qualified cooperative education program
- C. Yes, if the employment is through a CETA project



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

C

18. Is a tax credit different from a tax deduction?

- A. No, they are similar
- B. Yes, a tax credit is an amount subtracted from one's net income
- C. Yes, a tax credit is an amount subtracted from one's income tax liability

A

19. To determine if a student-learner is economically disadvantaged?

- A. The employer must request in writing from the school official an income determination
- B. The employer must request verbally from the school official an income determination
- C. The employer should request in writing and verbally from the school official an income determination

D

20. Who will make an income eligibility determination on a cooperative education student?

- A. The School
- B. The Employer
- C. The City
- D. Michigan Employment Security Commission

D

21. Who certifies that a cooperative education student is eligible for TJTC on the IRS 6199?

- A. The Employer
- B. Michigan Employment Security Commission
- C. The Parents
- D. The Cooperative Education Coordinator

D

22. The Request for Economic Determination begins with?

- A. Michigan Employment Security Commission
- B. The Parents
- C. The Cooperative Education Coordinator
- D. The Employer



ACQUIRING KNOWLEDGE ABOUT TARGETED JOBS TAX CREDIT

ANSWERS

A

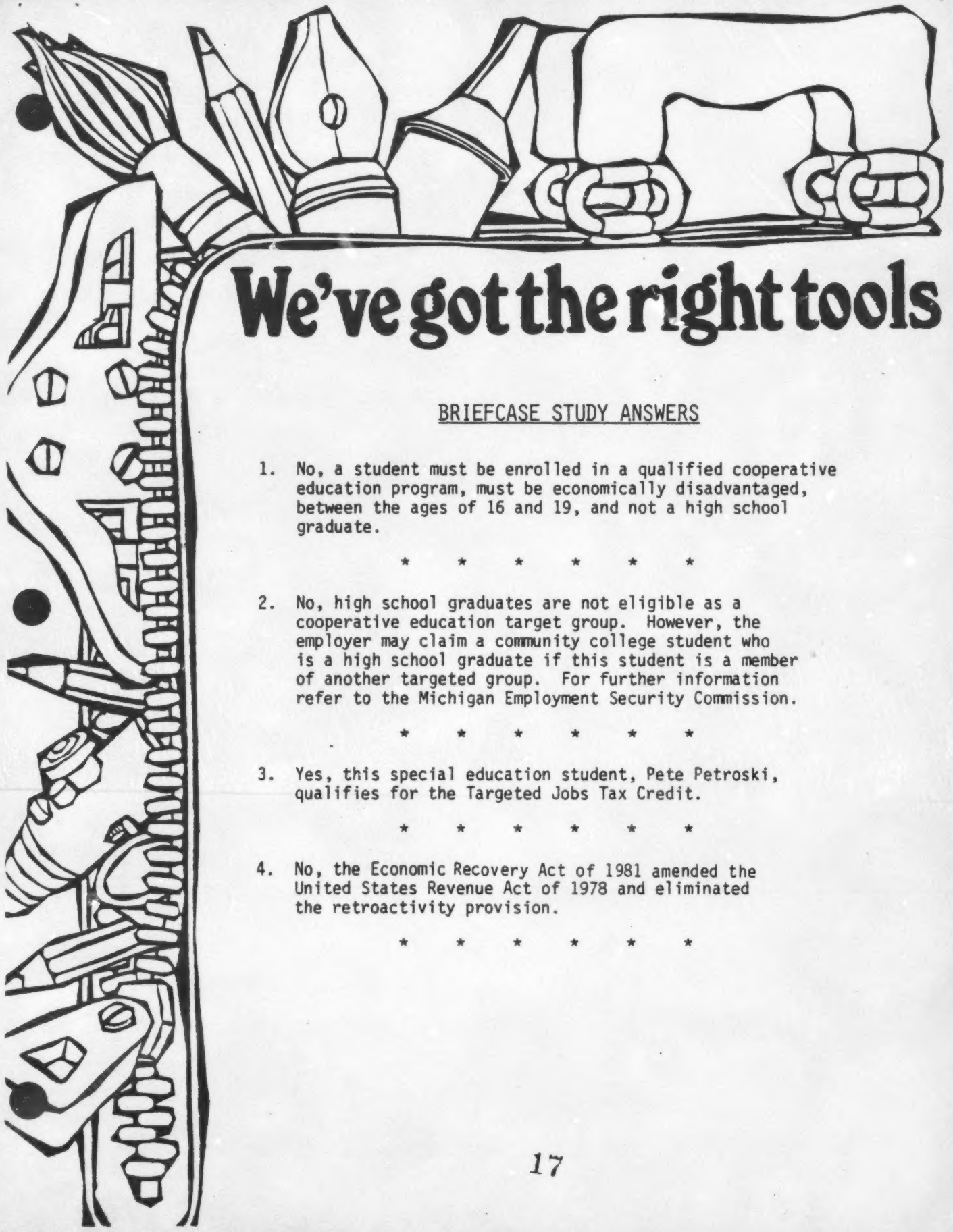
23. An economic disadvantaged cooperative education student is eligible for TJTC?
- A. If a written request for income determination was made by the employer prior to date of hire
 - B. If a written request for income determination was made by the employer after date of hire



You be the judge...

CASE STUDIES

1. A Student is on a work experience program. The employer in this program asks you, the cooperative education coordinator, for a Targeted Jobs Tax Credit for the work experience student. Can you certify the student for TJTC?
Jack Humbert/Carl Woloszyk
2. Mary Ann Lund is enrolled in a cooperative education program at a community college. Mary Ann is a high school graduate. The employer requests from you, the cooperative education coordinator, a Targeted Jobs Tax Credit. Can you assist this employer in obtaining a Targeted Jobs Tax Credit?
Carl Woloszyk/Jack Humbert
3. Pete Petroski, a special education student is enrolled in a high school qualified cooperative education program. Pete is 17 years old and is economically disadvantaged. Can Pete qualify for a Targeted Jobs Tax Credit?
Jack Humbert/Carl Woloszyk
4. In September 1979, the IRS Form 6199, was presented to a cooperating employer. The employer did not sign the IRS Certification of Youth Participating in a Qualified Cooperative Education Program. In November, 1981 this same employer called the cooperative education coordinator requesting Targeted Jobs Tax Credit Certification for the 1979-80 school year. Can the cooperative education coordinator assist the employer in obtaining TJTC for 1979-80?
Joe Churchwell, Benton Harbor



We've got the right tools

BRIEFCASE STUDY ANSWERS

1. No, a student must be enrolled in a qualified cooperative education program, must be economically disadvantaged, between the ages of 16 and 19, and not a high school graduate.

* * * * *

2. No, high school graduates are not eligible as a cooperative education target group. However, the employer may claim a community college student who is a high school graduate if this student is a member of another targeted group. For further information refer to the Michigan Employment Security Commission.

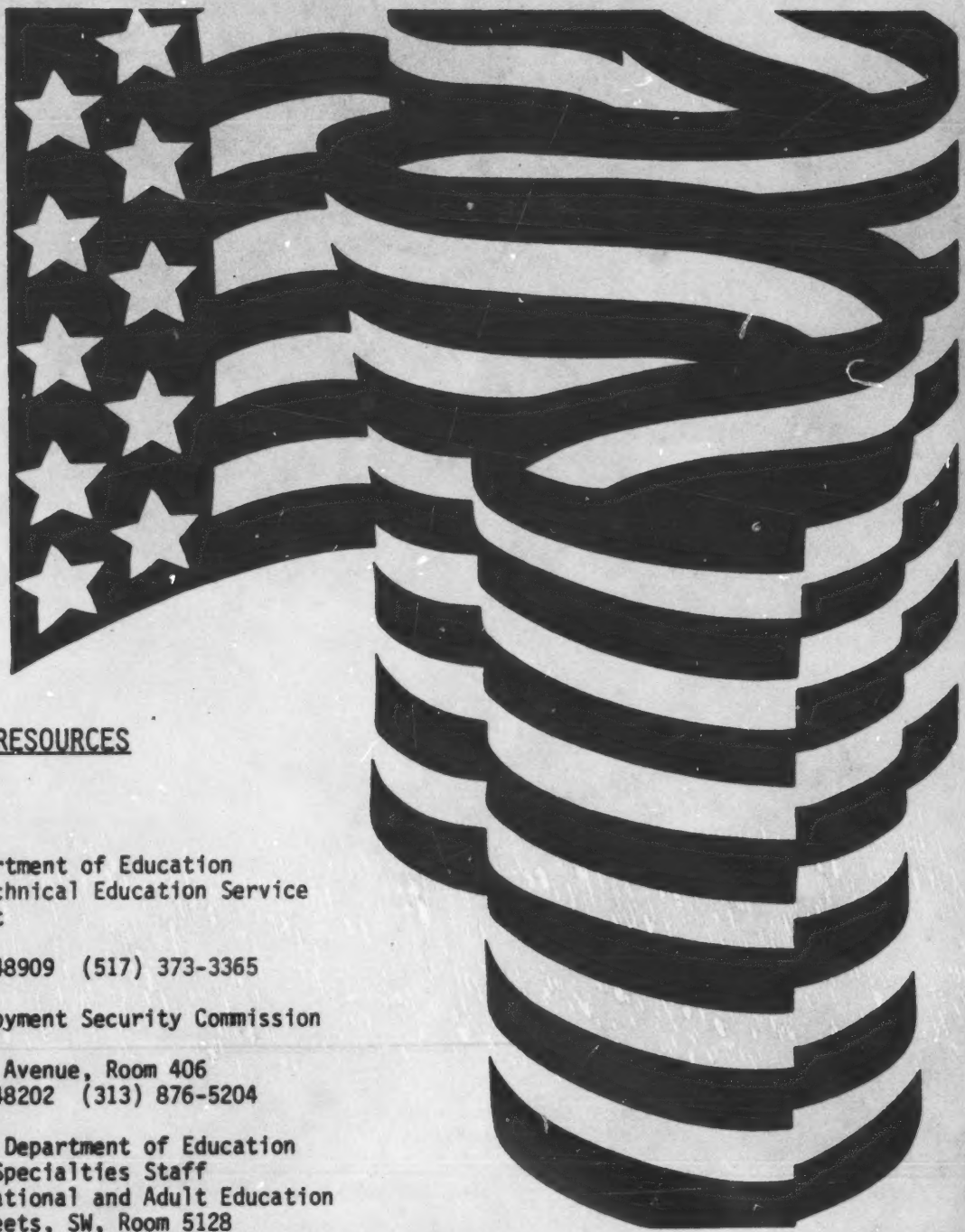
* * * * *

3. Yes, this special education student, Pete Petroski, qualifies for the Targeted Jobs Tax Credit.

* * * * *

4. No, the Economic Recovery Act of 1981 amended the United States Revenue Act of 1978 and eliminated the retroactivity provision.

* * * * *



ADDITIONAL RESOURCES

AGENCIES

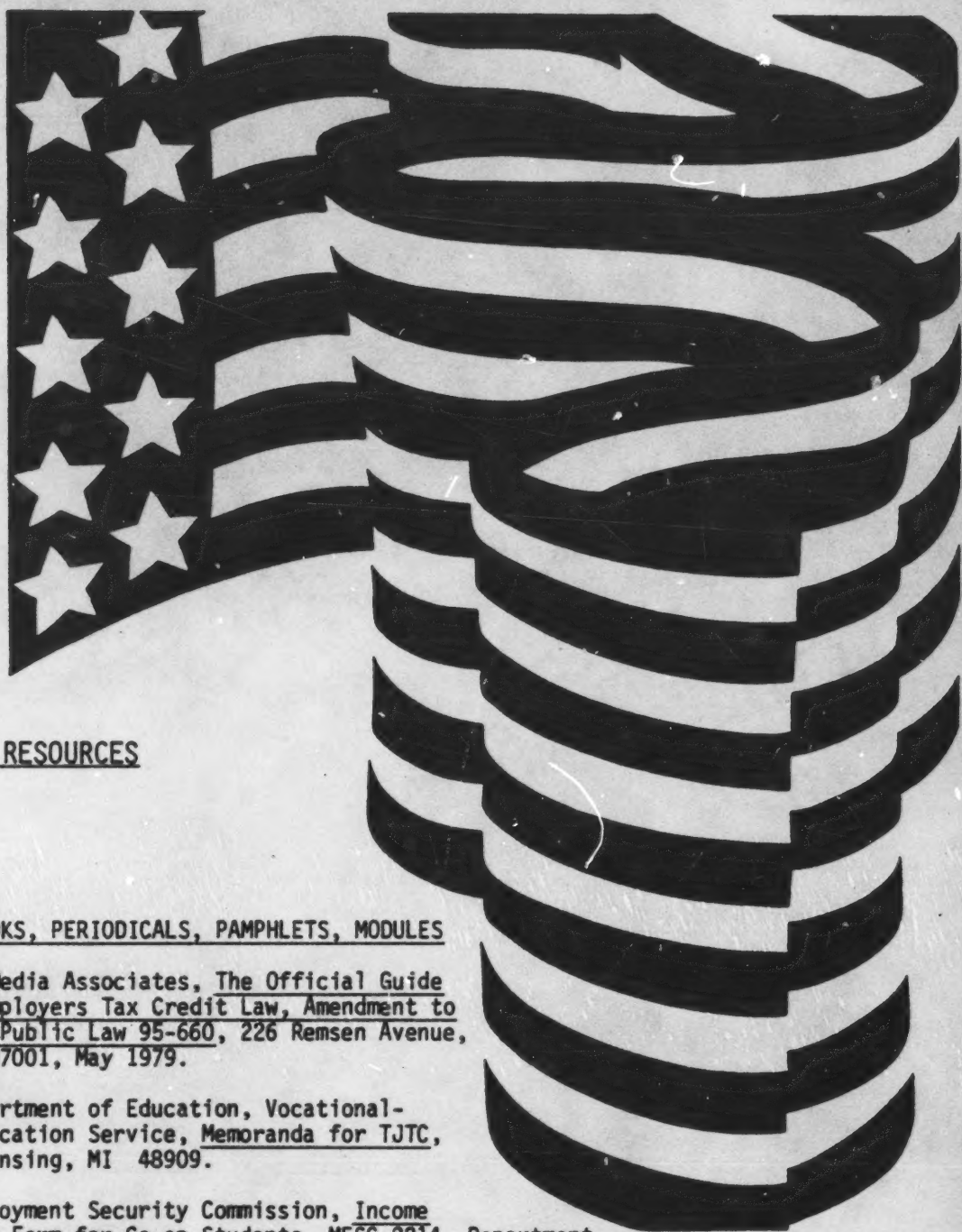
Michigan Department of Education
Vocational-Technical Education Service
Secondary Unit
Box 30009
Lansing, MI 48909 (517) 373-3365

Michigan Employment Security Commission
TJTC Unit
7310 Woodward Avenue, Room 406
Detroit, MI 48202 (313) 876-5204

United States Department of Education
Occupational Specialties Staff
Office of Vocational and Adult Education
7th and D Streets, SW, Room 5128
Washington, D.C. 20202 (202) 245-8176

United States Department of Treasury
Internal Revenue Service
TJTC Unit
477 Michigan Avenue
McNamara Building
Detroit, MI 48226

United States Department of Treasury
Internal Revenue Service
Attention: TJTC
Washington, D.C. 20224 (202) 566-6236



ADDITIONAL RESOURCES

REFERENCE BOOKS, PERIODICALS, PAMPHLETS, MODULES

Educational Media Associates, The Official Guide to the New Employers Tax Credit Law, Amendment to the IRS Code Public Law 95-660, 226 Remsen Avenue, Avenel, NJ 07001, May 1979.

Michigan Department of Education, Vocational-Technical Education Service, Memoranda for TJTC, Box 30009, Lansing, MI 48909.

Michigan Employment Security Commission, Income Determination Form for Co-op Students, MESC 2214, Department of Labor Building, 7310 Woodward Avenue, Detroit, MI 48202.

National Alliance of Business, Tax Saving Ideas for Employers Who Hire the Hard to Employ, 1015 15th Street, N.W., Washington D.C.

National Manpower Institute, Federal Hiring Incentives, New Ways to Hold Down Taxes and Training Costs, 1211 Connecticut Avenue, N.W., Washington D.C. 20036, July, 1979.

United States Department of Labor, Employment and Training Administration, Hire More Workers, Pay Less Taxes, Washington D.C. 20036, 1979.



United States Department of Labor, Employment and Training Administration, Targeted Jobs Tax Credit: How it Works, reprinted from ETA Review, Washington D.C. 20036, June, 1979.

United States Department of Labor, Employment and Training Administration, Targeted Jobs Tax Credits Resource Manual for Cooperative Education Programs, Washington D.C. 20036, November, 1980.

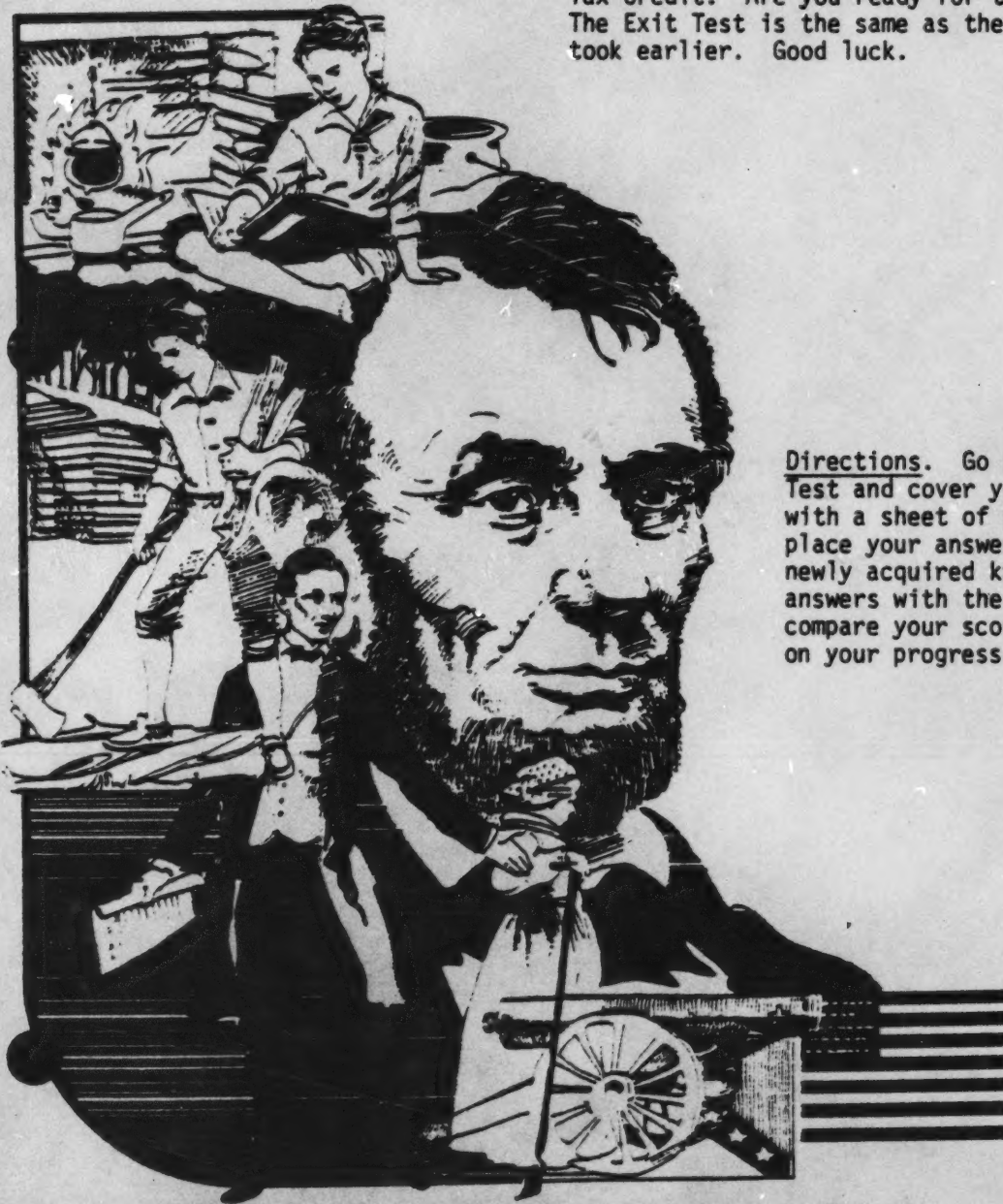
United States Department of Treasury, Internal Revenue Service, Certification of Youth Participating in a Qualified Cooperative Education Program, Form 6199, Targeted-Jobs Tax Credit and WIN Credit, January, 1981.

EXIT TEST

UNITED STATES REVENUE ACT OF 1978, AS AMENDED

Exit Test. The Exit Test is administered to assess your newly gained knowledge about the Targeted Jobs Tax Credit. Are you ready for the final evaluation? The Exit Test is the same as the Exemption Test you took earlier. Good luck.

Directions. Go back to the Exemption Test and cover your original answers with a sheet of paper. On this paper place your answers based on your newly acquired knowledge. Check your answers with the Answer Key and compare your scores. Congratulations on your progress!



MICHIGAN STATE BOARD OF EDUCATION
STATEMENT OF ASSURANCE OF COMPLIANCE WITH FEDERAL LAW

The Michigan State Board of Education complies with all Federal laws and regulations prohibiting discrimination and with all requirements and regulations of the U.S. Department of Education. It is the policy of the Michigan State Board of Education that no person on the basis of race, color, religion, national origin or ancestry, age, sex, marital status or handicap shall be discriminated against, excluded from participation in, denied the benefits of or otherwise be subjected to discrimination in any program or activity for which it is responsible or for which it receives financial assistance from the U.S. Department of Education.